



## EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Robert M. Poma</i> 4 Sept 2019		GENERAL MANAGER ACTION REQ'D:		
DATE: 8/26/2019		BOARD INITIATED ITEM: Yes		
Originator/Prepared by: Michaela Morales Dept: Finance <i>Michaela Morales</i> Signature/Date: 9-4-19	General Counsel <i>MB</i> 9/4/19	Controller/Treasurer <i>John White</i> 9/4/19	District Secretary	BARC <i>[Signature]</i> 9/4/19

### AUTHORIZE THE ISSUANCE AND THE SALE OF THE DISTRICT'S SALES TAX REVENUE BONDS, SERIES 2019

#### PURPOSE:

To request Board adoption of a resolution, which authorizes the issuance and sale of not to exceed \$230 million in Sales Tax Revenue Bonds, Series 2019 and if sufficient savings can be achieved, which authorizes the issuance of an additional series of taxable refunding bonds (the Refunding Bonds) in the principal amount not to exceed \$85 million to refund a portion of the outstanding Series 2012 A Bonds. Furthermore, to seek Board authorization for the Controller-Treasurer to (1) enter into a Bond Purchase Agreement with the underwriting syndicate led by Barclays Capital Inc. to provide the District with underwriting services in the issuance of the Bonds and (2) to implement the preparation, execution and delivery of the necessary documents including the preliminary Official Statement, the Official Statement, Fifth Supplemental Indenture, Bond Purchase Agreement, Continuing Disclosure Agreement, Escrow Agreement and related agreements, if any, in connection with the issuance of the Bonds.

#### DISCUSSION:

In 2019, the District intends to issue Sales Tax Revenue Bonds in one or more Series to provide funds to refund a portion of the outstanding Series 2012 A Bonds in order to achieve debt service savings and/or to restructure existing debt service, and to provide funds for the acquisition, construction, renovation, improvement and/or equipping of facilities which shall serve as the District's new headquarters.

The District continually evaluates the municipal bond market for opportunities to achieve debt service savings. The District advertised the RFP for underwriting services to the members of the District's Underwriting Pool on August 5, 2019 and received 12 proposals

on August 16, 2019. The Selection Committee performed a technical evaluation of the proposals. The Selection Committee ranked these proposals and recommended Barclays Capital Inc. as Senior Manager, J.P. Morgan Securities LLC as Co-Senior Manager, and Citigroup Global Markets, Inc, Siebert Cisneros Shank & Co., LLC and Fidelity Capital Markets as Co-Managers. Underwriting compensation will not exceed three-tenths of one percent of the principal amount of the bonds issued.

The proposed resolution will authorize the Controller-Treasurer to negotiate the structure, financing, and cost of issuance of the Bonds. In addition, the resolutions will authorize the preparation, execution, and delivery of the necessary documents including the preliminary Official Statement, the Official Statement, Fifth Supplemental Indenture, Bond Purchase Agreement, Continuing Disclosure Agreement, Escrow Agreement and related agreements, and payment to cover the costs of issuance including rating agencies costs and expenses in connection with issuance of the Sales Tax Revenue Bonds, Series 2019.

**FISCAL IMPACT:**

All fees for the Sales Tax Revenue Bonds, Series 2019 shall be paid out of bond sale proceeds, therefore, no direct costs will be paid by the District. If no bonds are issued, no expense will be incurred. Interest and principal debt service on the bonds will be paid in accordance with the provisions of the Fifth Supplemental Indenture from sales tax proceeds via allocation from the District's annual adopted operating budget.

**ALTERNATIVES:**

The District may elect not to issue the Sales Tax Revenue Bonds, Series 2019 at this time, which would mean that we could not have bond proceeds to fund the acquisition and improvement of the new BART Headquarters Building and the District would not realize debt service savings with respect to bonds currently outstanding.

**RECOMMENDATION:**

To authorize the Controller-Treasurer to negotiate the structure, financing, and cost of issuance for the Sales Tax Revenue Bonds, Series 2019 and execute and deliver all documents necessary for their issuance.

**MOTION:**

The Board adopts the attached resolution, incorporated herein as if set forth in full, authorizing the issuance and sale of Sales Tax Revenue Bonds, Series 2019, in an amount not to exceed \$230 million for the Building Project and not to exceed \$85 million for refunding purposes and authorizing the preparation, execution and delivery of agreements and documents in connection therewith.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**

Resolution No. \_\_\_\_\_

RESOLUTION OF THE SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT AUTHORIZING AND APPROVING THE ISSUANCE OF SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT SALES TAX REVENUE BONDS IN THE AMOUNT OF NOT TO EXCEED \$230 MILLION FOR FUNDING PROJECTS AND NOT TO EXCEED \$85 MILLION IN REFUNDING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A FIFTH SUPPLEMENTAL INDENTURE PURSUANT TO WHICH SUCH BONDS ARE TO BE ISSUED AND A BOND PURCHASE AGREEMENT PURSUANT TO WHICH SUCH BONDS ARE TO BE SOLD; APPROVING AN OFFICIAL STATEMENT RELATING TO SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE, SALE AND SECURITY OF SUCH BONDS, INCLUDING A CONTINUING DISCLOSURE AGREEMENT AND AN ESCROW AGREEMENT; DELEGATING TO THE CONTROLLER/TREASURER OF THE DISTRICT POWER TO DETERMINE FINAL TERMS OF SUCH BONDS AND TO COMPLETE SAID DOCUMENTS; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO.

WHEREAS, the District has heretofore issued its sales tax revenue bonds (together with other bonds issued on a parity therewith, the "Bonds") under and pursuant to an Indenture, dated as of September 1, 2012, as supplemented and amended by the First Supplemental Indenture, dated as of September 1, 2012, the Second Supplemental Indenture, dated as of October 1, 2015, the Third Supplemental Indenture, dated as of August 1, 2016 and the Fourth Supplemental Indenture, dated as of December 1, 2017 (hereinafter collectively referred to as the "2012 Indenture"), between the District and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, the following Bonds are outstanding in the following amounts:

Series	Issuance Date	Original Principal Amount	Outstanding Principal Amount
2012A	October 4, 2012	\$130,475,000	\$83,940,000
2012B	October 4, 2012	111,085,000	8,335,000
2015A	October 8, 2015	186,640,000	132,435,000
2016A	August 3, 2016	83,800,000	80,665,000
2017A	December 28, 2017	118,260,000	118,260,000
2017B	December 28, 2017	67,245,000	57,845,000

WHEREAS, the District desires to issue additional San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds in one or more Series (the "Series 2019 Bonds") to provide funds for the acquisition, construction, renovation, improvement and equipping of facilities which shall serve as the District's new headquarters (the "Building Project") and to refund a portion of the outstanding Series 2012 Bonds, as shall be determined appropriate by the Controller/Treasurer of the District (the "Controller/Treasurer") in order to achieve debt service savings and/or to restructure existing debt service (the "Refunding");

WHEREAS, the Series 2019 Bonds are to be issued on a parity with the outstanding Bonds under and pursuant to the 2012 Indenture, as it may be amended and supplemented pursuant to its terms, including as amended and supplemented by a Fifth Supplemental Indenture thereto (collectively, as so supplemented and amended, the "Indenture"), which is proposed to be entered by the District and the Trustee;

WHEREAS, Sperry Capital Inc. serves as municipal advisor (the "Municipal Advisor") to the District and will serve in such capacity in connection with the issuance of the Series 2019 Bonds authorized hereby;

WHEREAS, there has been prepared and presented to this meeting a proposed form of Fifth Supplemental Indenture pursuant to which the Series 2019 Bonds shall be issued (such Fifth Supplemental Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being hereinafter referred to as the "Fifth Supplemental Indenture");

WHEREAS, this Board deems it necessary and desirable to sell the Series 2019 Bonds by negotiated sale to the underwriters designated by the Controller/Treasurer from the District's Underwriters Pool in order to provide flexibility in the timing of the sale of the Series 2019 Bonds and to achieve a more desirable debt structure and an overall lower cost of borrowing;

WHEREAS, Barclays Capital, Inc., acting on behalf of itself and as representative of J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Siebert Cisneros Shank & Co., L.L.C. and Fidelity Capital Markets (hereinafter collectively referred to as the "Underwriters"), has submitted a proposed contract to purchase the Series 2019 Bonds (such purchase contract in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being hereinafter referred to as the "Bond Purchase Agreement");

WHEREAS, in accordance with Section 5852.1 of the Government Code of the State of California, the Board has been presented at this meeting with good faith estimates from the Municipal Advisor and the Underwriters of the information required by such section, including the true interest cost of the Series 2019 Bonds, the amount of all fees expected to be paid with respect to and the total debt service payments on the Series 2019 Bonds, as set forth in Appendix A hereto;

WHEREAS, there has been prepared and submitted to this meeting a proposed form of Official Statement in preliminary form (the "Preliminary Official Statement") to be used in connection with the offering and sale of the Series 2019 Bonds;

WHEREAS, in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15(c)2-12(b)(5), there has been prepared and submitted to this meeting a proposed form of Continuing Disclosure Agreement (such Continuing Disclosure Agreement, in the form presented to this meeting, with such changes, omissions and insertions as are made pursuant to this Resolution, being hereinafter referred to as the "Continuing Disclosure Agreement"), which is proposed to be entered into by the District and U.S. Bank National Association, as dissemination agent;

WHEREAS, the District hereby determines that the projects financed by the outstanding Bonds and the use of the proceeds of the Series 2019 Bonds to refinance such projects will assist BART in providing mass transit services which services are electrically powered and thus reduce the amount of carbon dioxide that would otherwise be released if BART riders used automobiles and as such the Series 2019 Bonds for the Refunding should be considered "Green Bonds" under publicly considered Green Bond Principles and the Climate Bonds Standard Board will be requested to approve the labeling of the Series 2019 Bonds for the Refunding as "Climate Bond Certified" based on conforming to the Climate Bonds – Low Carbon Land Transport Standard;

WHEREAS, in order to provide for the refunding of a portion of the outstanding Bonds, there has been prepared and submitted to this meeting a proposed form of Escrow Agreement (such Escrow Agreement, in the form presented to this meeting, with such changes, omissions and insertions as are made pursuant to this Resolution, being hereinafter referred to as the "Escrow Agreement"), which is proposed to be entered into by the District and the escrow bank to be designated therein;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Francisco Bay Area Rapid Transit District as follows:

Section 1. The foregoing recitals are true and correct and the issuance by the District of San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, Series 2019 payable on a parity with the Bonds, in an aggregate principal amount not to exceed \$230 million for the Building Project and not to exceed \$85 million for the Refunding as shall be determined appropriate by the Controller/Treasurer in order to achieve present value debt service savings of not less than ten percent of the principal amount of the Bonds refunded and to restructure existing debt service and to pay costs of issuance of the Series 2019 Bonds is hereby approved. The Controller/Treasurer is hereby authorized and directed to determine the principal amount, series designations, interest rate or rates (not to exceed five percent (5%) per annum), maturity dates (not to exceed thirty years), redemption provisions and other terms of the Series 2019 Bonds to be issued, including determining whether such Series 2019 Bonds shall be issued as taxable or tax-exempt bonds (subject to the limitations hereinafter specified) and to specify said terms in the Fifth Supplemental Indenture.

Section 2. The Fifth Supplemental Indenture in the form presented to this meeting is hereby approved. The Controller/Treasurer is hereby authorized and directed to execute and deliver the Fifth Supplemental Indenture in substantially the form presented to this meeting with such changes, insertions and omissions as may be approved by such officer, said execution being conclusive evidence of such approval; and the District Secretary is hereby authorized to attest to such signature. The proceeds of the Series 2019 Bonds (after payment of the costs of issuance

thereof) will be applied to provide funds for the purposes hereinabove described. The maximum term of the Series 2019 Bonds shall not exceed thirty years. The maximum rate of interest to be payable on the Series 2019 Bonds shall not exceed five percent (5.00%) per annum. The combined true interest cost for the Series 2019 Bonds shall not exceed 4.50 percent (4.50%). Optional redemption of the Series 2019 Bonds shall be provided for at not later than July 1, 2029; provided, however, that the Controller/Treasurer is hereby authorized to cause all or any portion of the Series 2019 Bonds to be issued as noncallable bonds. The net present value of the debt service savings with respect to the Series 2019 Bonds for the Refunding shall be at least ten percent (10%) of the aggregate principal amount of the Bonds being refunded. The Series 2019 Bonds shall be signed by the manual or facsimile signature of the President of the Board of Directors of the District and countersigned by the manual or facsimile signature of the Secretary of the District, and the manual or facsimile seal of the District shall be affixed to the Series 2019 Bonds. The Series 2019 Bonds shall be authenticated by a manual signature of a duly authorized officer of the Trustee. The interest payment dates, denominations, forms, manner of execution, terms of redemption and other terms of the Series 2019 Bonds shall be as provided in the Fifth Supplemental Indenture as finally executed.

Section 3. The sale of the Series 2019 Bonds to the Underwriters on the terms and conditions contained in the Bond Purchase Agreement is hereby approved and authorized. The Bond Purchase Agreement in the form presented to this meeting is hereby approved. The Controller/Treasurer is hereby authorized and directed to execute and deliver the Bond Purchase Agreement in substantially the form presented to this meeting with such changes, insertions and omissions as may be approved by such officer, said execution being conclusive evidence of such approval. The maximum underwriting discount on the sale of the Series 2019 Bonds (exclusive of original issue discount) shall not be greater than three tenths percent (.30%) of the principal amount of the Series 2019 Bonds. The proceeds shall be applied upon the delivery of the Series 2019 Bonds to the costs of issuance of the Series 2019 Bonds, the costs of the acquisition, construction, renovation, installation and/or equipping of the project to be financed by the proceeds of the Series 2019 Bonds, and the defeasance of the portion of the Bonds being refunded, as required by the terms of the Indenture and Escrow Agreement as finally executed. The costs of issuance of the Series 2019 Bonds excluding the underwriting discount, shall not be greater than one-half of one percent (.50%) of the principal amount of the Series 2019 Bonds.

Section 4. The Preliminary Official Statement in the form presented to this meeting is hereby approved and the distribution of the Preliminary Official Statement, in connection with the offering and sale of the Series 2019 Bonds, with such changes, omissions and insertions as shall be approved by the Controller/Treasurer, including appropriate disclosure on the Green Bond status of the Series 2019 Bonds, is hereby authorized and approved. The Controller/Treasurer is hereby authorized to review the Preliminary Official Statement and to certify on behalf of the District that the Preliminary Official Statement is "deemed final" as of its date, except for certain terms and pricing information permitted to be omitted therefrom pursuant to Securities and Exchange Commission Rule 15c2-12. The Controller/Treasurer is authorized to deliver such certification to the Underwriters.

The Controller/Treasurer is hereby authorized and directed to prepare a final version of the Official Statement (such final version of the Official Statement, in the form of the Preliminary Official Statement, with such changes, insertions and omissions as shall be approved

by the Controller/Treasurer, being hereinafter referred to as the "Official Statement") and to execute the Official Statement and any amendment or supplement thereto, in the name of and on behalf of the District, and cause the Official Statement and any such amendment or supplement to be delivered to the Underwriters and distributed in connection with the offering and sale of the Series 2019 Bonds.

Section 5. The Continuing Disclosure Agreement in the form presented to this meeting is hereby approved. The Controller/Treasurer is hereby authorized and directed to execute and deliver a Continuing Disclosure Agreement in substantially the form presented to this meeting, with such changes, insertions and omissions as may be approved by such officer, said execution being conclusive evidence of such approval.

Section 6. The Escrow Agreement in the form presented to this meeting is hereby approved. The Controller/Treasurer is hereby authorized and directed to execute and deliver one or more escrow agreements in substantially the form presented to this meeting, with such changes, insertions and omissions as may be approved by such officer, said execution being conclusive evidence of such approval.

Section 7. The Controller/Treasurer is hereby authorized and directed to take such actions as are necessary or convenient in connection with the Refunding and the investment of funds deposited in the escrow funds established pursuant to the Escrow Agreement, including engagement of a verification agent and bidding agent, seeking bids for escrow securities and, if applicable, authorizing U.S. Bank National Association, in its capacity as trustee or escrow agent, the Underwriters, or the Municipal Advisor, to file such applications and other documents on behalf of the District as may be required to order and obtain U.S. Treasury Obligations – State and Local Government Series or other government securities to be purchased with proceeds of the Series 2019 Bonds and deposited in the escrow fund.

Section 8. The Controller/Treasurer is hereby authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the "Investment Agreement") providing for the investment of moneys in any of the funds and accounts created under the Indenture or the Escrow Agreement, on such terms as the Controller/Treasurer shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the Board of Directors of the District hereby finds and determines that the Investment Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Bonds or enhance the relationship between risk and return with respect to investments.

Section 9. Orrick, Herrington & Sutcliffe LLP is hereby appointed as bond and disclosure counsel in connection with the issuance and sale of the Series 2019 Bonds and fees of such counsel are to be paid from the proceeds of the Series 2019 Bonds and contingent upon the issuance of the Series 2019 Bonds.

Section 10. The Controller/Treasurer is hereby authorized to solicit proposals from third parties providing Green Bond certifications and, if the Controller/Treasurer determines that

it is in the best interest of the District to arrange for such certifications for the Series 2019 Bonds or a portion thereof, the Controller/Treasurer is hereby authorized to execute and deliver all documents necessary in connection therewith.

Section 11. The Controller/Treasurer, the General Manager of the District, the District Secretary and any other proper officer of the District, acting singly, is, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper to carry out the transactions contemplated by the Indenture, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Agreement, the Escrow Agreement and by this Resolution, including without limitation, the engagement of continuing disclosure, arbitrage and other consultants the delivery of tax certifications, the delivery of any documents necessary in connection with the refunding of the Bonds, the delivery of any documents relating to the investment of bond proceeds and the making of any determinations or submission of any documents or reports which are required by any governmental entity in connection with the issuance and sale of the Series 2019 Bonds. The Controller/Treasurer and such officials of the District as the Controller/Treasurer designates are hereby authorized to undertake such travel and incur such expenses, upon consultation with the District's Municipal Advisor, as is considered advisable to secure appropriate credit ratings and/or credit enhancement for the Series 2019 Bonds or assist in the marketing of the Series 2019 Bonds.

Section 12. All actions heretofore taken by the officers, representatives or agents of the District in connection with the issuance and sale of the Series 2019 Bonds are hereby ratified, confirmed and approved.

This Resolution shall take effect immediately upon its adoption.

Adopted: \_\_\_\_\_

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT  
CERTIFIED A TRUE COPY

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Patricia K. Williams, District Secretary

## APPENDIX A TO RESOLUTION

### GOOD FAITH ESTIMATES

#### SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT SALES TAX REVENUE BONDS 2019 SERIES A

#### SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT SALES TAX REVENUE BONDS 2019 REFUNDING SERIES B (FEDERALLY TAXABLE)

The following information was obtained from Barclays Capital, Inc., as Representative of the Underwriters of the bonds defined above (the "Bonds"), for consideration prior to the authorization in the foregoing Resolution of the proposed Bonds:

1. *True Interest Cost of the Bonds.* Assuming an aggregate principal amount of the Bonds in the amount of \$204,060,000 of 2019 Series A Bonds for the Building Project and \$80,545,000 of 2019 Refunding Series B Bonds for the Refunding is sold to effectuate the financing and the refunding and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 2.825%.

2. *Finance Charge of the Bonds.* Assuming such a principal amount of the proposed Bonds is sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the Finance Charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the issuance of the Bonds), is \$1,141,000, as follows\*:

a)	Bond Counsel Fees	\$200,000
b)	Disclosure Counsel Fees	80,000
c)	Disbursements	5,000
d)	Municipal Advisor Fees	70,000
e)	Rating Agency Fees	199,000
f)	Trustee Fees	18,600
g)	Escrow Agent Fees	5,000
h)	Verification Agent Fees	5,000
i)	Printer Fees	10,200
j)	Green Bond Certification	2,600
k)	Underwriters' Discount	541,000
	Subtotal	1,136,400
l)	Contingency	4,600
	Total:	\$1,141,000

\* Preliminary, subject to change.

3. *Amount of Proceeds to be Received.* Assuming such aggregate principal amount of the proposed Bonds required to effectuate the financing is sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the issuer for sale of the Bonds less the Finance Charge of the Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$307,218,280.38.

4. *Total Payment Amount.* Assuming such aggregate principal amount of the proposed Bonds (\$284,605,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the issuer will make to pay debt service on the Bonds plus the Finance Charge of the Bonds described in paragraph 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$458,256,233.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bond sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of Bonds sold will be determined by the issuer based on need for funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the issuer's control.